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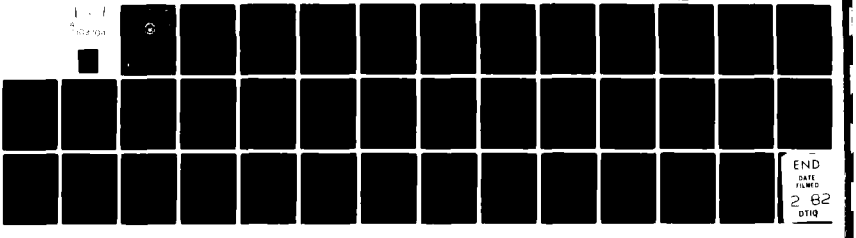

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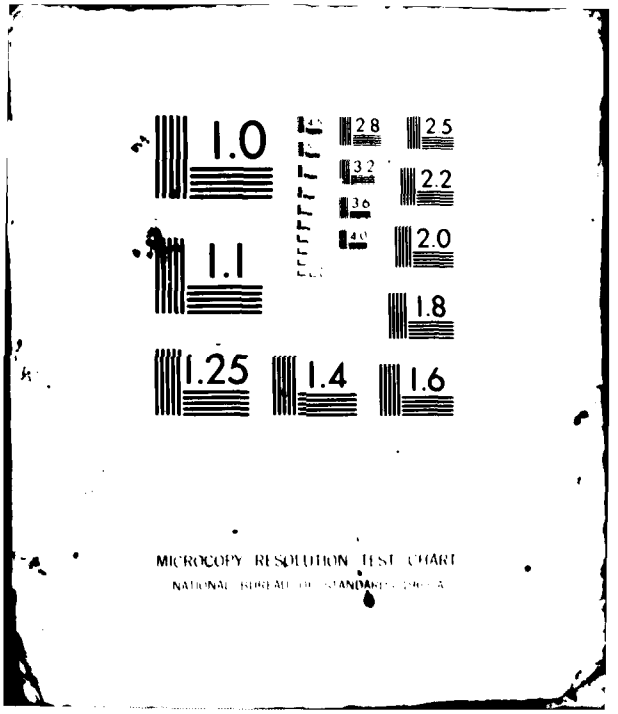
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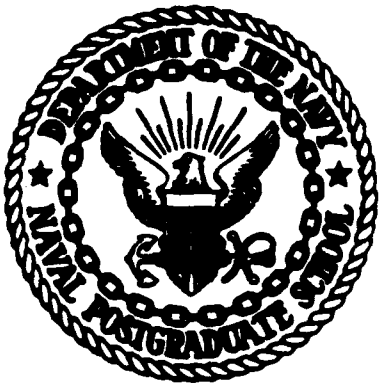

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THESIS

ESTIMATING THE DEMAND UNCERTAINTY
IN SINGLE-PERIOD INVENTORY PROBLEMS
USING THE GOMPERTZ CURVE AND THE
SCHMEISER-DEUTSCH DISTRIBUTION

by

Pranom Srinopakoon

September 1981

Thesis Advisor: G. F. Lindsay

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Estimating the Demand Uncertainty in Single-Period Inventory Problems Using the Gompertz Curve and the Schmeiser-Deutsch Distribution

by

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Submitted in partial fulfillment of the
requirements for the degree of

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ABSTRACT

The optimal order quantity for the case of uncertainty in the newsboy problem depends on the maximum demand. In previous work it was assumed that the demand distribution was known. In practice, this is often not the case. This study suggests some procedures which can be used to estimate the demand distribution even if data on unsatisfied demands are not available.

TABLE OF CONTENTS

I. INTRODUCTION ---------- 9

II. ESTIMATION OF MAXIMUM DEMAND ---------- 12

A. USING THE GOMPERTZ CURVE TO ESTIMATE THE MAXIMUM DEMAND ---------- 12

B. USING THE SCHMEISER-DEUTSCH DISTRIBUTION TO ESTIMATE THE MAXIMUM DEMAND ---------- 18

C. ESTIMATING MAXIMUM DEMAND WHEN THERE IS NO DATA ON UNSATISFIED DEMAND ---------- 19

III. ESTIMATION OF OPTIMAL ORDER QUANTITY ---------- 22

A. OPTIMAL ORDER QUANTITY UNDER UNCERTAINTY --- 22

B. OPTIMAL ORDER QUANTITY UNDER RISK ---------- 23

IV. CONCLUSIONS AND APPLICATIONS ---------- 25

APPENDIX A: THE SCHMEISER-DEUTSCH DISTRIBUTION ------ 27

APPENDIX B: TI-59 PROGRAMS ---------- 31

LIST OF REFERENCES ---------- 37

INITIAL DISTRIBUTION LIST ---------- 38

LIST OF TABLES

I. DEMAND AND ITS CUMULATIVE RELATIVE FREQUENCY ---- 15

II. COMPUTATIONS IN FINDING A GOMPERTZ CURVE -------- 17

III. SALES DATA AND THEIR CUMULATIVE RELATIVE FREQUENCY ---------- 20

LIST OF FIGURES

1. The Gompertz Curve with $0 < a < 1$, $0 < b < 1$ ------ 13

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I. INTRODUCTION

The perishable product is beginning to receive attention in the inventory problem. Often, it has a fixed lifetime after which it becomes useless to satisfy demands. Newspapers, medical drugs, human blood, photographic films and some foodstuffs are common examples.

An inventory problem for perishable products is often treated as a single-period inventory problem, sometimes called a newsboy problem. The newsboy problem was introduced by Morse and Kimball in 1950 and the development of it has been presented in several journals and publications. A brief history of it was given by Masuda [Ref. 1].

A well-known characterization of the newsboy problem is:

> The newsboy must decide how many papers to purchase for resale during the day. If he buys too many papers--that is, more papers than people will purchase from him--he will have papers left at the end of the day and will incur a loss on each, since old newspapers have little salvage value. If, on the other hand, he purchases too few papers for resale, he will sell out early and his later customers will not be able to buy from him; he thus incurs a cost (lost profit) for each paper he could have sold, but didn't. The newsboy's problem is to decide how many papers to have on hand at the beginning of the day so as to minimize the losses (due to surplus or shortage) at the end of the day. [Ref. 2]

Finding good solutions to the newsboy problem depends upon the amount of information about the magnitude of demand X.

In recent research dealing with newsboy ordering decisior where little information existed about demand, it was

assumed that at the end of each period the demand for that period would be known [Refs. 1,3,4]. In order for this to happen, one would need unlimited supply or some way to measure the demand from unsatisfied customers. In practice, this is often not the case. For example, when the newsstand is empty, the later customers will not stop at that newsstand. Accordingly, we do not know how many more customers would like to buy that newspaper. Thus, we may have frequency data on demand only up to the value of supply.

This thesis is intended to provide methods permitting solutions to the newsboy problem when we only have demand frequencies up to the supply value.

In Chapter II, two procedures will be proposed to estimate the maximum demand. The first procedure uses the Gompertz Curve since the nature of the demand cumulative distribution function (c.d.f.) can be viewed as a growth curve with the market saturate as an asymptote. The second procedure suggested is the four-parameter Schmeiser-Deutsch Distribution since it can take on a wide variety of shapes so as to match many distributions. Also, the Schmeiser-Deutsch Distribution was found to be a suitable procedure for the case of limited supply.

Using the estimation of maximum demand together with the unit cost of surplus and the unit cost of outage, the estimation of optimal order quantity is discussed in Chapter III for the "under uncertainty" and "under risk" cases.

Conclusions and applications are given in Chapter IV. A review of the Schmeiser-Deutsch Distribution is presented in Appendix A.

II. ESTIMATION OF MAXIMUM DEMAND

Care should be taken to estimate the maximum demand since the optimal ordering quantity for uncertainty depends on it. In this chapter, two alternatives are suggested to estimate the maximum demand when we have unlimited supply. Then, we will show how one of these methods may be used to estimate maximum demand when there is no data on unsatisfied demand (the case of limited supply).

The procedures that appear suitable and realistic are (1) using the Gompertz Curve and (2) using the Schmeiser-Deutsch Distribution. We will discuss the Gompertz Curve first.

A. USING THE GOMPERTZ CURVE TO ESTIMATE THE MAXIMUM DEMAND

In the terminology of economics, the demand c.d.f. can be considered as a "growth curve" since it has a "market saturate" as an upper asymptote. The Gompertz Curve is the most generally used growth curve. Its formula

$$Y = ka^{b^X}, \qquad (1)$$

where X is the time series and Y is the sales amount, depends on the values of the parameters k, a and b (or their logarithms), it may take on any one of a variety of shapes [Ref. 5].

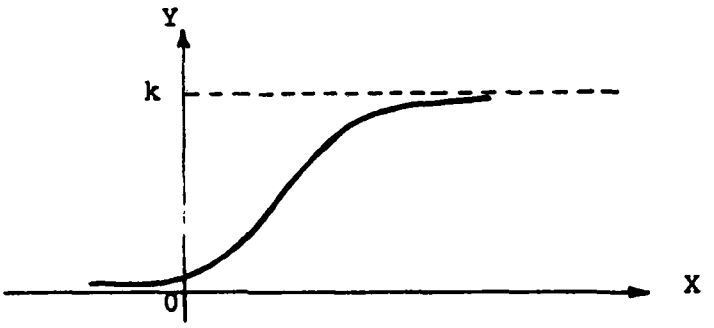

Figure 1. The Gompertz Curve with $0 < a < 1$, $0 < b < 1$

We are interested in using the Gompertz Curve with $0 < a < 1$ and $0 < b < 1$ to approximate the c.d.f. of demand. This form of the Gompertz Curve is known to be asymptotic to k. When we fit the Gompertz Curve to the observed cumulative frequency of the data, k should theoretically be 1.0. In practice, however, it may depart slightly from 1.0. To compensate for this, we use the following form to approximate the c.d.f.:

$$\frac{Y}{k} = a^{b^X}$$

The following description is taken from [Ref. 5]:

The parameters k, a and b are obtained as follows:

1) Be certain that the number of observations is divisible by 3, i.e., there are 3N periods of base data.

2) Take the common logarithms of each Y.

3) Add the first N log Y's to obtain Σ_1 log Y; then the second N data points to obtain Σ_2 log Y; and the last N points to obtain Σ_3 log Y.

4) Set the smallest observation to be unity.

5) Substitute in the following formulas:

$$b^N = \frac{\Sigma_3 \log Y - \Sigma_2 \log Y}{\Sigma_2 \log Y - \Sigma_1 \log Y} , \qquad (2)$$

$$\log a = (\Sigma_2 \log Y - \Sigma_1 \log Y) \cdot \frac{(b-1)}{(b^N-1)^2} , \qquad (3)$$

and

$$\log k = \frac{1}{N} \cdot (\Sigma_1 \log Y - (\frac{b^N - 1}{b-1}) \cdot \log a) . \qquad (4)$$

With values of k, a and b, one can compute Y for any value of X using the formula of the Gompertz Curve. Also, the formula can be derived from the Gompertz Curve to generate X from the Gompertz Curve as:

$$X = \frac{\log(\frac{\log Y - \log k}{\log a})}{\log b} \qquad (5)$$

In this chapter, we wish to estimate the maximum demand. If the demand distribution has an infinite upper tail, we can not hope to estimate the 100^{th} percentile of demand. We will be content, therefore, with the 99^{th} percentile of demand. This is found by setting (Y/k) = .99 or Y = .99k in equation (5), i.e.,

$$X_{max} \text{ will be } = \frac{\log(\frac{-.0044}{\log a})}{\log b} , \qquad (6)$$

which may be considered to be the estimator of the maximum demand if the smallest observed X is unity. (If not, the maximum demand should be adjusted to be X plus the smallest X minus one.)

As an example assume that the demands for newspapers have been 10, 6, 9, 7, 5, 13, 11, 7, 8, 8. Using the Gompertz Curve to estimate the maximum demand, we can preceded as follows:

Let X be the demand for newspapers, and Y be the cumulative relative frequency of X.

TABLE I

DEMAND AND ITS CUMULATIVE RELATIVE FREQUENCY

X	Y
5	0.1
6	0.2
7	0.4
8	0.6
9	0.7
10	0.8
11	0.9
12	0.9
13	1.0

Since Y is a growth curve, it can be approximated by the Gompertz Curve, $Y = ka^{b^X}$. To determine the appropriate values of k, a and b using the method described above:

1) From these data, there are 9 distinct values between the smallest observation (5) and the largest observation (13), and 9 is divisible by 3. (Here, N = 9/3 = 3.)

2) In the third column of Table II, Y's are converted to log Y's.

3) Values of $\Sigma_1 \log Y$, $\Sigma_2 \log Y$ and $\Sigma_3 \log Y$ are shown in the fourth column of Table II.

4) Since the smallest observed X is not 1.0, the maximum demand should be adjusted by adding the difference between the smallest observed X and 1.0. This is because the Gompertz Curve assumes the smallest observation is unity.

5) From equation (2);

$$b^N = ((-.0915)-(-.4737))/((-.4737)-(-2.0969))$$

$$= 0.2355 .$$

Therefore,

$$b = 0.6175 .$$

From equation (3);

$$\log a = (-.4737-(-2.0969))(.6175-1)/(.2355-1)$$

$$= -1.0622 .$$

Therefore,

$$a = 0.0867 .$$

From equation (4);

$$\log k = \frac{1}{3}(-2.0969-(.2355-1)(-1.0622)/(.675-1))$$

$$= 0.0087.$$

Therefore,

$$k = 1.0203 .$$

I.e., the Gompertz Curve is $Y = (1.0203)(0.0867)^{(0.6175)^X}$.

Using the 99th percentile, the maximum demand is

$$X_{max} = 11.3964 + (5-1) = 15.3964$$

$$\simeq 15.$$

TABLE II

COMPUTATIONS IN FINDING A GOMPERTZ CURVE

X	Y	Log Y	ΣLog Y
5	0.1	-1.0000	
6	0.2	-0.6990	$\Sigma_1 \log Y = -2.0969$
7	0.4	-0.3979	
8	0.6	-0.2218	
9	0.7	-0.1549	$\Sigma_2 \log Y = -0.4737$
10	0.8	-0.0969	
11	0.9	-0.0458	
12	0.9	-0.0458	$\Sigma_3 \log Y = -0.0915$
13	1.0	0	

A program for the TI-59 to determine the maximum demand when the smallest observed X is unity, and to determine the parameters (k, a and b), is given in Appendix B (Program B1).

Experimentation with simulated data seems to indicate that the Gompertz Curve procedure works well when supply is unlimited, but not nearly so well when supply is limited.

B. USING THE SCHMEISER-DEUTSCH DISTRIBUTION TO ESTIMATE THE MAXIMUM DEMAND

K. Pearson pointed out that a theoretical distribution must have at least four free parameters, in order to fit the four characteristics (location, dispersion, skewness, and kurtosis) adequately [Ref. 6]. Kottas and Lau recommends the four-parameter Schmeiser-Deutsch Distribution as most suitable [Ref. 6]. The details of the Schmeiser-Deutsch Distribution are given in Appendix A.

The Schmeiser-Deutsch Distribution has a finite upper tail. Furthermore, if X is a random variable having the Schmeiser-Deutsch Distribution, there exists a closed-form expression for the maximum value of X. This expression is $a+b(1-d)^c$, where a, b, c and d are the four free parameters.

Using the data in the previous example, we will employ the Schmeiser-Deutsch Distribution to estimate the maximum demand. We first estimate the parameters using the algorithm in Appendix A:

1) The mode m = (7+8)/2 = 7.5.

   Set a = 7.5.

2) Set d = (Y(7)+Y(8))/2 = 0.5.

3) Select the two desired quantiles which satisfy equation (9), namely,

$$p_1 = 0.2 , \quad x_1 = 6$$

and

$$p_2 = 0.9 , \quad x_2 = 11$$

Substitute in equation (10), yielding c = 2.9453.

4) Substitute in equation (11), yielding b = 52.0120.

Then, the maximum demand is

$$X_{max} = a + b(1-d)^c$$

$$= 14.2529 \doteq 14.$$

This compares very well with the result obtained by using the Gompertz Curve which was $X_{max} = 15.3964$. For these data, there is no substantial difference between these two alternative methods of estimating X_{max}.

A program for the TI-59 to determine the maximum demand and the four parameters of the Schmeiser-Deutsch Distribution is given in Appendix B (Program B2).

C. ESTIMATING MAXIMUM DEMAND WHEN THERE IS NO DATA ON UNSATISFIED DEMAND

In the previous work it was implicitly assumed that the value of demand for each period was obtainable even if demand is greater than supply. This rarely happens in the real world unless backorders are taken. Speaking of the "newsboy problem", the newsboy can collect the data in the range of

demand from zero to ordering quantity (Q) only. When the newspapers are sold out, he will not know how many more were in demand for that day. If he is recording the sales, his observed data on that day will be $X = Q$ even if the demand is actually $X \geq Q$.

The Schmeiser-Deutsch Distribution can be easily used to investigate the case when data for demands greater than the quantity Q are not available. This is because its parameters can be estimated using only the mode and two selected distinct percentiles.

As an example, suppose that the newsboy orders only 10 newspapers for each day. His sales data for a 10 day period are 10, 6, 9, 7, 5, 10, 10, 7, 8, 8. (Instead of demand, which was 10, 6, 9, 7, 5, 13, 11, 7, 8, 8.) The sales data and their cumulative relative frequency will be:

TABLE III

SALES DATA AND THEIR CUMULATIVE RELATIVE FREQUENCY

X	Y(X)
5	0.1
6	0.2
7	0.4
8	0.6
9	0.7
10	1.0

Since Pr(X = 10) is actually Pr ($X \geq 10$), we will ignore this data point.

Following the algorithm in Appendix A for the rest of the data points:

1) Set a = 7.5.

2) Set d = 0.5.

3) Select $p_1 = 0.6$, $x_1 = 8$, $p_2 = 0.7$, $x_2 = 9$ which satisfy equation (9).

Substitute in equation (10), yielding c = 1.5850.

4) Substitute in equation (11), yielding b = 19.2279.

From this, the maximum demand is $X_{max} = 13.9093$ which is close to X_{max} when the newsboy has unlimited supply.

With this X_{max}, one can determine Q*. Procedures to do this are discussed in the next chapter.

III. ESTIMATION OF OPTIMAL ORDER QUANTITY

In the previous chapter it was shown how to estimate the maximum demand (X_{max}). In this chapter, the estimate of the optimal order quantity (Q^*) for the case of uncertainty and also for the case of risk will be discussed.

A. OPTIMAL ORDER QUANTITY UNDER UNCERTAINTY

When data in hand is not sufficient to estimate the possible future values of demand or when the distribution of demand is not known, the problem of deciding on Q falls into the class called decisions under uncertainty.

It has been shown that the optimal decisions under uncertainty (Q^*) are [Ref. 1]:

$$Q^* = \left(\frac{c_o}{c_s + c_o}\right) \cdot X_{max} \quad \text{for a continuous demand,}$$

and

$$Q^* < \left(\frac{c_o}{c_s + c_o}\right)(X_{max} + 1) < Q^* + 1 \quad ,$$

for a discrete demand, where c_s is the unit cost of surplus and c_o is the unit cost of outage.

Since one consequence of each decision is another observation of demand, one begins under uncertainty and uses the uncertainty optimal order quantity until demand data is adequate to estimate the distribution of demand and change to the optimum order quantity under risk.

B. OPTIMAL ORDER QUANTITY UNDER RISK

When one says "under risk", one means that the probability distribution of demand is known or, at least, some estimate of the probability distribution of demand is available. The latter case is possible using the Schmeiser-Deutsch Distribution suggested in Appendix A.

The optimal order quantity under risk is the value of Q* such that

$$F(Q^*) = \frac{c_o}{c_s + c_o}, \quad \text{for a continuous demand distribution,}$$

and

$$F(Q^*-1) < \frac{c_o}{c_s + c_o} < F(Q^*),$$

for a discrete demand distribution.

It should be noted here that all one really needs to estimate the probability distribution of demand is a value for the $[c_o/(c_o+c_s)]^{th}$ quantile. The inverse c.d.f. of the Schmeiser-Deutsch Distribution can easily take care of this problem.

As an example, suppose that the newsboy purchased the newspapers at the cost of 10¢ each and he can sell them for 20¢ each, with leftovers having a salvage value of 5¢ each.

Let p be the ratio $[c_o/(c_o+c_s)]$. Therefore, $p = 2/3$.

Consider the data from the previous example at the end of Chapter II. These data are adequate for a decision under

risk. The p^{th} quantile can be estimated by the inverse c.d.f. of the Schmeiser-Deutsch distribution,

$$F^{-1}(p) = \begin{cases} a-b(d-p)^c & \text{if } p \leq d \\ a+b(p-d)^c & \text{if } p > d \end{cases},$$

where the four parameters were found to be a = 7.5, b = 19.2279, c = 1.5850 and d = 0.5.

Therefore, $F^{-1}(p) = 8.623$, which is the value of Q* for the case of continuous demand.

For the case of discrete demand, the optimal order quantity under risk is the value of Q* such that $F(Q^*-1) < p < F(Q^*)$, and then Q* = 9 in this example.

In the next chapter we will give conclusions and applications from this work.

IV. CONCLUSIONS AND APPLICATIONS

One of the important requirements needed to obtain the optimal order quantity in newsboy problems is the nature of the demand distribution. This thesis suggested some procedures which can be used to estimate the demand distribution even if data on unsatisfied demand are not available. In the case where it is hard to tell what common distribution the demand should belong to, the Schmeiser-Deutsch Distribution was felt to be useful.

It is fitting at this point to explain how the procedures from this and other research on the newsboy problems would be used.

Suppose we are starting a sequence of single-period inventory ordering decisions but have no information on the distribution of demand.

One way of employing these results would involve three phases:

1) For the decisions at time period 1 through some period m, the newsboy would probably rely upon a guess at the value of the maximum demand (X_{max}). Considering the unit cost of surplus (c_s) and the unit cost of outage (c_o), he has two alternatives:

(a) In case of $c_s << c_o$, use $Q^* = X_{max}$.

(b) Otherwise, use the uncertainty decision rule.

$$Q^* = [c_o/(c_s + c_o)] \cdot X_{max} .$$

2) For time periods (m+1) through some later period n, he would use $Q^* = [c_o/(c_o + c_s)] \cdot X_{max}$ with the value of X_{max} obtained from the Gompertz Curve or the Schmeiser-Deutsch Distribution, using data from the first m periods. Clearly, he may wish to revise this estimate as more data become available.

3) After time period n, he can switch from treating the decision as a decision under uncertainty to a decision under risk, using the inverse c.d.f. of the Schmeiser-Deutsch Distribution to estimate the value of $[c_o/(c_o + c_s)]^{th}$ quantile, which is known to be Q^* for continuous demand.

It should be noted here that because of the data needed, m must provide at least three periods where he did not sell out, and from the work of Yong-u Sok, n should provide at least five periods where he did not sell out [Ref. 4].

From the work outlined above we have a reasonable means of starting a sequence of newsboy decisions when there is no information about the demand distribution and lost sales are unknown. It is hoped that the procedures suggested in this paper will be useful to those interested in single-period inventory problems and their solutions.

APPENDIX A

THE SCHMEISER-DEUTSCH DISTRIBUTION

In this appendix, the Schmeiser-Deutsch Distribution will be briefly reviewed. For a further study [Ref. 6] and [Ref. 7] are suggested.

Due to the lack of convenient methods of generating random values from distributions having more arbitrary shapes, the Schmeiser-Deutsch Distribution was developed and found suitable for generating random values from many common statistical distributions.

The Schmeiser-Deutsch Distribution can take on a wide variety of shapes, which makes it useful for many applications. Distributions ranging from Bernoulli trials through U-shaped distributions to the uniform distribution, as well as heavier tailed distributions, are obtainable. Also, shapes ranging from symmetry to maximum skewness, as measured by the third moment, are possible. The Schmeiser-Deutsch Distribution can have values for the first four moments so as to match any of the well-known distributions, and straightforward parameter determination techniques exist.

A most favorable characteristic of the Schmeiser-Deutsch Distributions is the existence of simple closed-form expressions for both the c.d.f. and the inverse c.d.f., being respectively,

$$F(x) = p = \begin{cases} d-[(a-x)/b]^{1/c} & \text{if } (a-bd^c) \leq x \leq a \\ d+[(x-a)/b]^{1/c} & \text{if } a \leq x \leq a+b(1-d)^c \end{cases} \quad (7)$$

and

$$x = F^{-1}(p) = \begin{cases} a-b(d-p)^c & \text{if } p \leq d \\ a+b(p-d)^c & \text{if } p > d \end{cases} \quad (8)$$

where a, b, c and d are the four parameters of the distribution, and p is a percentile [Ref. 7].

"The location and the spread of the distribution are determined by a and b, respectively. The shape of the distribution, often measured in terms of skewness and tail-weight (or peakness), is determined by $-(d-p)^c$ in case of $p \leq d$, or $(p-d)^c$ in case of $p > d$. This factor is a transformation from the rectangular shape of the uniform distribution to the shape of interest. The $d = 0.5$ yields a symmetric distribution. If $c > 1$, then skew is to the right for $d < 0.5$ and to the left for $d > 0.5$. (If $c < 1$, the direction of skew is reversed.)" [Ref. 7]

"The distribution possesses two characteristics which may adversely affect its usefulness for specific modeling purposes. The first characteristic is that the value of the density function evaluated at the mode, $f(x = a)$, assumes

only three values: zero for $0 \leq c < 1$, one for $c = 1$, and infinity for $c > 1$. The second characteristic is the truncated tails of the distribution." [Ref. 7]

"Despite the truncated tails, the distribution's versatility in assuming a wide variety of shapes makes it a reasonable model for a wide range of processes. This is due to the ability to assume the essential features of a process, which often makes the truncation insignificant." [Ref. 7]

Parameter Determination [Ref. 7]

The mode and quantiles are used in estimating parameters for the Schmeiser-Deutsch Distribution. The Schmeiser-Deutsch Distribution is useful in two common situations. The first is when full information is not available, but such quantities as the "most likely value" and the "minimum" and "maximum" values can be estimated. The second situation is when data is in histogram form where F(m) is the percentile of the mode m. The two desired quantiles, $p_1 = F(x_1)$ and $p_2 = F(x_2)$, must satisfy either of the following two expressions:

$$(|a-x_1| < |x_2-a| \quad \text{and} \quad |d-p_1| < |p_2-d|)$$
$$(|a-x_1| < |x_2-a| \quad \text{and} \quad |d-p_1| < |p_2-d|) \qquad (9)$$

Although computations to determine the four parameters can be easily handled by computer, much attention has been given in this thesis to develop "manual procedures", meaning manual computational capability. The TI-59 handheld calculator

(characterized by low price and surprising capability and compactness) can be considered as a "manual" tool, and a program for the TI-59 to determine the four parameters is given in Appendix B.

An algorithm for estimating the parameters is as follows: [Ref. 7]

1) Set $a = m$

2) Set $d = F(m)$

3) Set

$$c = \ln\left|\frac{a-x_1}{a-x_2}\right| \Big/ \ln\left|\frac{d-p_1}{d-p_2}\right| \qquad (10)$$

4) Set $b = |a-x_1|/|d-p_1|^c$ (11)

5) Due to the existence of the inverse c.d.f. in closed-form, the value of X corresponding to a percentile p of the distribution may be found by inserting p into equation (8).

Furthermore, the range of X can be calculated easily by substituting $p = 0$ and $p = 1$ at Step 5), or obtained directly from equation (7) since $X_{min} = a-bd^c$ and $X_{max} = a+b(1-d)^c$. At this point, one should determine whether or not the obtained distribution is an adequate model by plotting the p.d.f. or c.d.f. [Ref. 7].

APPENDIX B

TI-59 Programs

This appendix presents two TI-59 programs to determine the maximum demand and the parameters. The first program is using the Gompertz Curve with the restriction that the smallest X is unity. The second program is using the Schmeiser-Deutsch Distribution with the two desired quantiles satisfying equation (9).

Program B_1

1. Program Description

The program will estimate the maximum demand using the Gompertz Curve, and will also determine the parameters (k, a and b) in $Y = ka^{b^X}$.

2. User Instruction

Step	Procedure	Enter	Press	Display
1	Enter n	n	[A]	n
2	Enter $Y_1,\ldots,Y_{3n}$	Y_1	[R/S]	Y_1
		.	.	.
		.	.	.
		.	.	.
		Y_n	[R/S]	$\Sigma_1 \log Y$
		Y_{n+1}	[R/S]	Y_{n+1}
		.	.	.
		.	.	.
		.	.	.
		Y_{2n}	[R/S]	$\Sigma_2 \log Y$

Step	Procedure	Enter	Press	Display
		Y_{2n+1}	R/S	Y_{2n+1}
		.	.	.
		.	.	.
		.	.	.
		Y_{3n}	R/S	$\Sigma_3 \log Y$
3	Compute X_{max}		E	X_{max}
4	Review parameters (optional)			
	k		C	k
	a		D	a
	b		E	b

The maximum demand shown on the display is for the case when the smallest observed X is unity. Otherwise, the maximum demand should be adjusted by adding $X_{min}-1$, where X_{min} is the smallest observed X.

```
000  76 LBL
001  11  A
002  47 CMS
003  42 STO
004  57  57
005  42 STO
006  58  58
007  42 STO
008  59  59
009  35 1/X
010  42 STO
011  04  04
012  01  1
013  42 STO
014  56  56
015  43 RCL
016  57  57
017  91 R/S
018  42 STO
019  55  55
020  28 LOG
021  44 SUM
022  01  01
023  43 RCL
024  57  57
025  32 X:T
026  43 RCL
027  56  56
028  67  EQ
029  16 A'
030  01  1
031  94 +/-
032  44 SUM
033  57  57
034  43 RCL
035  55  55
036  61 GTO
037  00  00
038  17  17
039  76 LBL
040  16 A'
041  43 RCL
042  01  01
043  76 LBL
044  18 C'
045  91 R/S
046  42 STO
047  55  55
048  28 LOG
049  44 SUM
050  02  2
051  43 RCL
052  58  58
053  32 X:T
054  43 RCL
055  56  56
056  67  EQ
057  17 B'
058  01  1
059  94 +/-
060  44 SUM
061  58  58
062  43 RCL
063  55  55
064  61 GTO
065  18 C'
066  76 LBL
067  17 B'
068  43 RCL
069  02  02
070  76 LBL
071  19 D'
072  91 R/S
073  42 STO
074  55  55
075  28 LOG
076  44 SUM
077  03  03
078  43 RCL
079  59  59
080  32 X:T
081  43 RCL
082  56  56
083  67  EQ
084  10 E'
085  01  1
086  94 +/-
087  44 SUM
088  59  59
089  43 RCL
090  55  55
091  61 GTO
092  19 D'
093  76 LBL
094  10 E'
095  43 RCL
096  03  03
097  91 R/S
098  76 LBL
099  12  B
100  53  (
101  53  (
102  43 RCL
103  03  03
104  75  -
105  43 RCL
106  02  02
107  54  )
108  55  ÷
109  53  (
110  43 RCL
111  02  02
112  75  -
113  43 RCL
114  01  01
115  54  )
116  54  )
117  42 STO
118  05  05
119  45 Y^x
120  43 RCL
121  04  04
122  95  =
123  42 STO
124  06  06
125  28 LOG
126  95  =
127  42 STO
128  07  07
129  43 RCL
130  06  06
131  75  -
132  01  1
133  95  =
134  42 STO
135  06  06
136  43 RCL
137  05  05
138  75  -
139  01  1
140  95  =
141  42 STO
142  05  05
143  53  (
144  43 RCL
145  02  02
146  75  -
147  43 RCL
148  01  01
149  54  )
```

150	65	×	200	76	LBL
151	43	RCL	201	14	D
152	06	06	202	43	RCL
153	55	÷	203	08	08
154	43	RCL	204	27	INV
155	05	05	205	23	LNX
156	33	X^2	206	91	R/S
157	95	=	207	76	LBL
158	42	STO	208	15	E
159	08	08	209	43	RCL
160	65	×	210	07	07
161	43	RCL	211	27	INV
162	05	05	212	23	LNX
163	55	÷	213	91	R/S
164	43	RCL	214	00	0
165	06	06			
166	95	=			
167	94	+/-			
168	85	+			
169	43	RCL			
170	01	01			
171	95	=			
172	65	×			
173	43	RCL			
174	04	04			
175	95	=			
176	42	STO			
177	09	09			
178	00	0			
179	93	.			
180	09	9			
181	09	9			
182	28	LOG			
183	55	÷			
184	43	RCL			
185	08	08			
186	95	=			
187	28	LOG			
188	55	÷			
189	43	RCL			
190	07	07			
191	95	=			
192	91	R/S			
193	76	LBL			
194	13	C			
195	43	RCL			
196	09	09			
197	27	INV			
198	23	LNX			
199	91	R/S			

Program B2

1. Program Description

Estimate the maximum demand using the Schmeiser-Deutsch Distribution. Also determine the parameters (a, b, c and d) in

$$F(x) = \begin{cases} d - [\frac{a-x}{b}]^{1/c} & \text{if} \quad a-bd^c \leq x \leq a \\ d + [\frac{x-a}{b}]^{1/c} & \text{if} \quad a \leq x \leq a+b(1-d)^c \end{cases}$$

2. User Instruction

Step	Procedure	Enter	Press	Display
1	Enter mode m	m	R/S	m
2	Enter F(m)	F(m)	R/S	F(m)
3	Enter p_1	p_1	R/S	p_1
4	Enter x_1	x_1	R/S	x_1
5	Enter p_2	p_2	R/S	p_2
6	Enter x_2	x_2	R/S	x_2
7	Compute X_{max}		E	X_{max}
8	Review parameters (optional)			
	a		A	a
	b		B	b
	c		C	c
	d		D	d

```
000  42 STO
001  01  01
002  91 R/S
003  42 STO
004  04  04
005  91 R/S
006  42 STO
007  05  05
008  91 R/S
009  42 STO
010  06  06
011  91 R/S
012  42 STO
013  07  07
014  91 R/S
015  42 STO
016  08  08
017  91 R/S
018  76 LBL
019  15   E
020  53   (
021  53   (
022  53   (
023  43 RCL
024  01  01
025  75   -
026  43 RCL
027  06  06
028  54   )
029  55   ÷
030  53   (
031  43 RCL
032  01  01
033  75   -
034  43 RCL
035  08  08
036  54   )
037  54   )
038  50 I×I
039  23 LNX
040  55   ÷
041  53   (
042  53   (
043  43 RCL
044  04  04
045  75   -
046  43 RCL
047  05  05
048  54   )
049  55   ÷
050  53   (
051  43 RCL
052  04  04
053  75   -
054  43 RCL
055  07  07
056  54   )
057  54   )
058  50 I×I
059  23 LNX
060  54   )
061  42 STO
062  03  03
063  53   (
064  53   (
065  43 RCL
066  01  01
067  75   -
068  43 RCL
069  06  06
070  54   )
071  50 I×I
072  55   ÷
073  53   (
074  53   (
075  43 RCL
076  04  04
077  75   -
078  43 RCL
079  05  05
080  54   )
081  50 I×I
082  45 Y^x
083  43 RCL
084  03  03
085  54   )
086  54   )
087  42 STO
088  02  02
089  53   (
090  01   1
091  75   -
092  43 RCL
093  04  04
094  54   )
095  45 Y^x
096  43 RCL
097  03  03
098  65   ×
099  43 RCL
100  02   2
101  85   +
102  43 RCL
103  01  01
104  95   =
105  91 R/S
106  76 LBL
107  11   A
108  43 RCL
109  01  01
110  91 R/S
111  76 LBL
112  12   B
113  43 RCL
114  02  02
115  91 R/S
116  76 LBL
117  13   C
118  43 RCL
119  03  03
120  91 R/S
121  76 LBL
122  14   D
123  43 RCL
124  04  04
125  91 R/S
126  00   0
127  00   0
128  00   0
129  00   0
130  00   0
131  00   0
132  00   0
133  00   0
134  00   0
135  00   0
136  00   0
137  00   0
138  00   0
139  00   0
140  00   0
141  00   0
142  00   0
143  00   0
144  00   0
145  00   0
146  00   0
147  00   0
148  00   0
149  00   0
```

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